

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
A&L RESTAURANTS LIMITED**



A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

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FOR THE YEAR ENDED 31 MARCH 2022**

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A&L RESTAURANTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTOR: A H Atefi

SECRETARY: S P Atefi

REGISTERED OFFICE: C/O The Accounting Centre
First Floor
736 High Road
North Finchley
London
N12 9QD

REGISTERED NUMBER: 04437266 (England and Wales)

SENIOR STATUTORY AUDITOR: Andrew Green LLB FCA

AUDITORS: THP Limited
Chartered Accountants
and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The director presents his strategic report for the year ended 31 March 2022.

REVIEW OF BUSINESS

The Director is pleased to report that the year saw a very strong recovery in trade as Coronavirus restrictions were eased.

Trading during the year was initially disrupted by the third UK lockdown that meant until 12 April 2021 the stores were only able to offer a takeaway service. Outdoor dining returned on 12 April 2021 and full re-opening to all trade was made on 17 May 2021.

The revenue growth in the year was also driven by a significant increase in demand for delivery and the continued benefit of the reduction in VAT to 5% up to 30 September 2021 and then at 12.5% from 1 October 2021 to the year end.

The Company's key performance indicators are as follows:

	2022	2021
	£	£
Turnover	21,300,052	11,663,733
Gross Profit	14,942,463	8,333,066
Gross Profit %	70.15%	68.1%

The net assets of the company were £2.5million (2021: £1.7million) at the balance sheet date, reflecting the solid position of the company from a solvency point of view, and this strong balance sheet is the foundation on which the Company can continue to grow and prosper.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the company's strategy are subject to a number of risks.

The Director has set out below the principal risks facing the business.

The Director is of the opinion that a thorough risk management process is adopted which involves a formal review of all risks identified below. Where possible, processes are in place to mitigate such risks.

Coronavirus

Whilst the outlook in the UK in relation to Coronavirus did improve during 2021, there does remain uncertainty as to how the situation will develop even further into Winter 2022 and beyond.

The Director will continue to monitor developments and continue to prioritize the health, safety and wellbeing of employees and customers.

Economic downturn

The success of the business is reliant on consumer spending. There has also been increased uncertainty in the wider UK economy due to the ongoing Coronavirus Pandemic and the impact on consumer spending. This has been exacerbated since the year end with the ongoing war in Ukraine and global inflationary pressures that have created a "cost of living crisis" in the UK. We will continue to try to mitigate these risks through investment in the customer experience across our estate as well as maximising opportunities in home delivery.

Utilities

Increasing volatility, uncertainty, cost pressures and general environmental awareness in the UK market has resulted in increased pressure on the company in recent times. To manage and help mitigate the risk associated with these pressures, the company has entered into a number of Power Purchase Agreements (PPAs) for the provision of cost-effective clean energy from environmentally friendly energy sources. Additionally, The company has agreements with our existing provider to buy the electricity produced under the PPAs for onward supply to restaurants.

Food cost inflation

The Company leverages its supply chain system which is able to negotiate better purchasing terms, and work with our suppliers to improve supply chain efficiency and mitigate the risk of food cost inflation. There do remain significant challenges in this area as global uncertainty has hit the availability of products and has led to delays in delivery times..

Wage cost inflation

The company is continually affected by wage cost inflation and pressures within the labour market. The company monitors the market to ensure complete compliance with labour market regulations, and maintains employment policies, remuneration and benefits packages that are designed to be competitive with other companies, as well as providing employees with fulfilling career opportunities.

Competition

The market in which the company operates is highly competitive. As a result, the company is subject to a high level of price sensitivities in its consumer-led market. Policies of constantly assessing our pricing strategy and ongoing market research are in place to mitigate such risks.

Liquidity risk

As the result of positive cash flows from operating activities, the Director does not consider liquidity or cashflow risk to be an issue, however these areas are closely monitored to ensure the company's procedures continue to operate effectively to minimise risks.

Interest rate risk

Although we continue to enjoy historically low interest rates, considering our debt profile, the increase in interest rates post year end does represent a risk. The continued policy of regular rate monitoring and ongoing dialogue with our lenders are in place to help mitigate this risk.

Brexit

The areas where Brexit may impact our business include the access and cost of both labour and food. We continue to work with our business partners to mitigate any potential implications.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control; hence, we are constantly assessing our plans in line with the current environment.

ON BEHALF OF THE BOARD:

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2022**

The director presents his report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of quick service restaurants.

CORONAVIRUS

As at the date of signing these accounts, England has come out of all significant Coronavirus related restrictions and there is hope that the situation will continue to remain positive as we move into Autumn and Winter 2022 and beyond. There does, however, remain some degree of uncertainty as to how the situation will evolve in the future.

The Director is confident that the decisions the Company has made so far and the support it has from its key stakeholders will ensure that it can continue as a going concern.

DIVIDENDS

Interim dividends of £831,239 (2021: £117,077) were paid during the year. The Director does not recommend payment of a final dividend.

FUTURE DEVELOPMENTS

The Company will continue to invest in its restaurants as part of an ongoing programme to upgrade their look and feel with new and enhanced equipment and thereby improve its customers' and employees' experience. This forms part of its ongoing strategy to maintain market share and profitability.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTOR

A H Atefi held office during the whole of the period from 1 April 2021 to the date of this report.

ENGAGEMENT WITH EMPLOYEES

Diversity and inclusion

The company is fully committed to a policy of treating all existing employees and job applicants equally. Recruitment decisions and the progression of employees within the group are based on merit and not upon any consideration of race, colour, religion, disability, nationality, sex, sexual orientation, marital status or age.

The importance of staff training, equal opportunity, health and safety, environmental matters and the avoidance of sexual harassment is recognised at all levels and is monitored on a regular basis by committees chaired by a director or senior manager reporting directly to the Board.

The Company gives full and fair consideration to applications for employment by disabled persons. In the event of employees becoming disabled whilst in service of the company, every effort is made to continue their employment by transfer to alternative duties, if required and by provision of such retraining as is appropriate.

Learning and Development

The company provides employees with regular formal training sessions using e-learning and classroom based training courses including an apprenticeship and management development programmes. To keep employees updated with developments within the company, management uses a digital application available to all employees to inform and engage with employees on a regular basis.

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen to make disclosures in relation to financial risk management and other matters considered to be of strategic importance which would otherwise be in the Directors report within the Strategic Report.

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A H Atefi

A H Atefi - Director

9 December 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A&L RESTAURANTS LIMITED

Opinion

We have audited the financial statements of A&L Restaurants Limited (the 'company') for the year ended 31 March 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A&L RESTAURANTS LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page six, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the director and other management, and from our commercial knowledge and experience of the sector in which the company operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental, food hygiene and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and any other relevant regulators as required.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A&L RESTAURANTS LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Green LLB FCA (Senior Statutory Auditor)
for and on behalf of THP Limited
Chartered Accountants
and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

9 December 2022

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
TURNOVER		21,300,052	11,663,733
Cost of sales		6,357,589	3,330,667
GROSS PROFIT		14,942,463	8,333,066
Administrative expenses		12,965,705	9,694,521
		1,976,758	(1,361,455)
Other operating income		52,090	1,626,471
OPERATING PROFIT	5	2,028,848	265,016
Interest payable and similar expenses	6	32,666	40,505
PROFIT BEFORE TAXATION		1,996,182	224,511
Tax on profit	7	400,979	71,250
PROFIT FOR THE FINANCIAL YEAR		1,595,203	153,261

The notes form part of these financial statements

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**BALANCE SHEET
31 MARCH 2022**

	Notes	£	2022	£	£	2021	£
FIXED ASSETS							
Intangible assets	9			374,239			443,316
Tangible assets	10			1,681,203			2,414,494
Investments	11			7,500			7,500
				2,062,942			2,865,310
CURRENT ASSETS							
Stocks	12		99,548			76,281	
Debtors	13		1,963,441			2,063,193	
Cash at bank			1,377,849			974,156	
			3,440,838			3,113,630	
CREDITORS							
Amounts falling due within one year	14		2,220,145			2,917,383	
NET CURRENT ASSETS				1,220,693			196,247
TOTAL ASSETS LESS CURRENT LIABILITIES				3,283,635			3,061,557
CREDITORS							
Amounts falling due after more than one year	15			(722,411)			(1,191,198)
PROVISIONS FOR LIABILITIES	18			(55,207)			(128,306)
NET ASSETS				2,506,017			1,742,053
CAPITAL AND RESERVES							
Called up share capital	19			100			100
Retained earnings	20			2,505,917			1,741,953
SHAREHOLDERS' FUNDS				2,506,017			1,742,053

The financial statements were approved by the director and authorised for issue on 9 December 2022 and were signed by:

A H Atefi

A H Atefi - Director

The notes form part of these financial statements

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	100	1,705,769	1,705,869
Changes in equity			
Dividends	-	(117,077)	(117,077)
Total comprehensive income	-	153,261	153,261
Balance at 31 March 2021	100	1,741,953	1,742,053
Changes in equity			
Dividends	-	(831,239)	(831,239)
Total comprehensive income	-	1,595,203	1,595,203
Balance at 31 March 2022	100	2,505,917	2,506,017

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	25	2,639,256	1,505,644
Interest paid		(32,666)	(40,505)
Tax paid		(538,264)	(92,024)
Net cash from operating activities		<u>2,068,326</u>	<u>1,373,115</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(10,233)
Purchase of tangible fixed assets		(120,858)	(304,565)
Net cash from investing activities		<u>(120,858)</u>	<u>(314,798)</u>
Cash flows from financing activities			
Loan repayments in year		(712,536)	(437,515)
Equity dividends paid		(831,239)	(117,077)
Net cash from financing activities		<u>(1,543,775)</u>	<u>(554,592)</u>
Increase in cash and cash equivalents		<u>403,693</u>	<u>503,725</u>
Cash and cash equivalents at beginning of year	26	974,156	470,431
Cash and cash equivalents at end of year	26	<u><u>1,377,849</u></u>	<u><u>974,156</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. STATUTORY INFORMATION

A&L Restaurants Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

There are no specific judgements, apart from those involving estimates as detailed below, that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates can differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Useful economic live of intangible assets

Goodwill and intangible assets are amortised over their useful economic lives and are assessed annually for indications of impairment.

(iii) Treatment of significant capital projects

The allocation of store refurbishment expenditure between capital and revenue is an area that requires judgement on the part of management. Costs are allocated in line with the asset recognition contained within FRS102 and on the basis of all available evidence as to their nature. The management uses professional advisors to assist them with this process.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and value added taxes.

Sales of goods, including online sales, are recognised on sale to the customer, which is considered to be the point of sale and when the significant risks and rewards of the goods have been passed to the customer.

Franchise rights and franchise fees

Goodwill relates to franchise rights purchased and is amortised over the period of the franchise agreement.

Franchise fees are amortised over the period of the franchise agreement.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property Improvements	- Straight line over 7-10 years
Plant and machinery	- Straight line over 7-10 years
Fixtures and fittings	- Straight line over 5 years
Motor Vehicles	- Straight line over 3 years
Computer Equipment	- Straight line over 4 years

Stocks

Stocks are valued at the lower of cost and selling price, after making due allowance for impairment of obsolete or slow moving items. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties, transport and handling directly attributable to bringing the stock to its present location and condition.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at this value less any provision for impairment.

Government Grants

Government grants are accounted for on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet represents cash in hand and deposits with financial institutions without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under operating expenses.

The carrying value of all short-term financial assets and liabilities are measured at amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

3. ACCOUNTING POLICIES - continued

Pension costs and other employment costs

(i) Holiday pay

Holiday pay entitlements (where material) are recognised as an expense in the period in which the service is received.

(ii) Pension Scheme

The company operates a defined contribution pension scheme for its employees. The contributions are recognised as an expense when they are due. Amounts not paid are shown as a creditor on the balance sheet. The assets of the scheme are held separately from the company in independently administered funds.

Operating leases

The company's restaurant premises are leased from the franchisor under a non-cancellable lease with an expiry term of more than five years. The rental payments are calculated on a monthly basis and are substantially based on annual sales income generated.

Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	5,416,519	4,513,383
Social security costs	280,167	196,236
Other pension costs	60,851	44,205
	<u>5,757,537</u>	<u>4,753,824</u>

The average number of employees during the year was as follows:

	2022	2021
Crew	495	393
Management	19	20
	<u>514</u>	<u>413</u>

	2022	2021
	£	£
Director's remuneration	<u>133,359</u>	<u>16,531</u>

The Director is considered to be the key management for the purpose of disclosure under FRS102.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation - owned assets	854,149	849,908
Franchise rights amortisation	60,077	59,991
Franchise fees amortisation	9,000	9,000
Auditors' remuneration	5,950	5,850
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank interest	32,586	32,528
HMRC interest	80	7,977
	<u> </u>	<u> </u>
	<u>32,666</u>	<u>40,505</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	474,078	100,877
Deferred tax	(73,099)	(29,627)
Tax on profit	<u>400,979</u>	<u>71,250</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>1,996,182</u>	<u>224,511</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	379,275	42,657
Effects of:		
Depreciation in excess of capital allowances	94,803	58,220
Deferred tax	(73,099)	(29,627)
Total tax charge	<u>400,979</u>	<u>71,250</u>

8. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Interim	<u>831,239</u>	<u>117,077</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

9. INTANGIBLE FIXED ASSETS

	Franchise rights £	Franchise fees £	Totals £
COST			
At 1 April 2021 and 31 March 2022	<u>1,688,126</u>	<u>180,000</u>	<u>1,868,126</u>
AMORTISATION			
At 1 April 2021	<u>1,311,560</u>	<u>113,250</u>	<u>1,424,810</u>
Amortisation for year	<u>60,077</u>	<u>9,000</u>	<u>69,077</u>
At 31 March 2022	<u>1,371,637</u>	<u>122,250</u>	<u>1,493,887</u>
NET BOOK VALUE			
At 31 March 2022	<u>316,489</u>	<u>57,750</u>	<u>374,239</u>
At 31 March 2021	<u>376,566</u>	<u>66,750</u>	<u>443,316</u>

10. TANGIBLE FIXED ASSETS

	Plant, machinery and fixtures £	Motor vehicles £	Totals £
COST			
At 1 April 2021	<u>7,624,312</u>	<u>61,346</u>	<u>7,685,658</u>
Additions	<u>120,858</u>	<u>-</u>	<u>120,858</u>
At 31 March 2022	<u>7,745,170</u>	<u>61,346</u>	<u>7,806,516</u>
DEPRECIATION			
At 1 April 2021	<u>5,209,818</u>	<u>61,346</u>	<u>5,271,164</u>
Charge for year	<u>854,149</u>	<u>-</u>	<u>854,149</u>
At 31 March 2022	<u>6,063,967</u>	<u>61,346</u>	<u>6,125,313</u>
NET BOOK VALUE			
At 31 March 2022	<u>1,681,203</u>	<u>-</u>	<u>1,681,203</u>
At 31 March 2021	<u>2,414,494</u>	<u>-</u>	<u>2,414,494</u>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2021 and 31 March 2022	<u>7,500</u>
NET BOOK VALUE	
At 31 March 2022	<u>7,500</u>
At 31 March 2021	<u>7,500</u>

12. STOCKS

	2022 £	2021 £
Stocks	<u>99,548</u>	<u>76,281</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Other debtors	-	41,582
Directors' current accounts	1,426,945	1,426,945
Corporation tax recoverable	463,757	463,758
Prepayments and accrued income	72,739	130,908
	<u>1,963,441</u>	<u>2,063,193</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts (see note 16)	459,320	703,069
Trade creditors	684,951	686,504
Corporation tax	476,532	540,719
Social security and other taxes	340,736	259,756
Accrued expenses	258,606	727,335
	<u>2,220,145</u>	<u>2,917,383</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans (see note 16)	<u>722,411</u>	<u>1,191,198</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans - less than 1 year	<u>459,320</u>	<u>703,069</u>
Amounts falling due between one and two years:		
Bank loans	<u>459,321</u>	<u>450,874</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>263,090</u>	<u>740,324</u>

The outstanding bank loan is unsecured and is repayable over a total period of 5 years from inception at a floating rate of 2.40% above the Bank of England base rate.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	409,377	409,377
Between one and five years	1,610,944	1,610,944
In more than five years	2,331,539	2,716,679
	<u>4,351,860</u>	<u>4,737,000</u>

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022****18. PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	55,207	128,306
		Deferred tax
		£
Balance at 1 April 2021		128,306
Credit to Income Statement during year		(73,099)
Balance at 31 March 2022		55,207

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
100	Ordinary	£1	100	100

20. RESERVES

	Retained earnings
	£
At 1 April 2021	1,741,953
Profit for the year	1,595,203
Dividends	(831,239)
At 31 March 2022	2,505,917

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2022 and 31 March 2021:

	2022	2021
	£	£
A H Atefi		
Balance outstanding at start of year	1,426,945	1,426,945
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	1,426,945	1,426,945

The balance is interest free and repayable on demand.

22. RELATED PARTY DISCLOSURES

During the year, total dividends of £831,239 (2021 - £117,077) were paid to the director.

23. POST BALANCE SHEET EVENTS

Subsequent to the year end the Company sold its restaurant franchise at Kentish Town, London for £1,300,000.

24. ULTIMATE CONTROLLING PARTY

The controlling party is A H Atefi.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

25. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022 £	2021 £
Profit before taxation	1,996,182	224,511
Depreciation charges	923,225	918,900
Finance costs	32,666	40,505
	<u>2,952,073</u>	<u>1,183,916</u>
Increase in stocks	(23,267)	(11,449)
Decrease in trade and other debtors	99,751	11,042
(Decrease)/increase in trade and other creditors	(389,301)	322,135
	<u>2,639,256</u>	<u>1,505,644</u>
Cash generated from operations	2,639,256	1,505,644

26. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	<u>1,377,849</u>	<u>974,156</u>

Year ended 31 March 2021

	31.3.21 £	1.4.20 £
Cash and cash equivalents	<u>974,156</u>	<u>470,431</u>

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank	<u>974,156</u>	<u>403,693</u>	<u>1,377,849</u>
	<u>974,156</u>	<u>403,693</u>	<u>1,377,849</u>
Debt			
Debts falling due within 1 year	(703,069)	243,749	(459,320)
Debts falling due after 1 year	<u>(1,191,198)</u>	<u>468,787</u>	<u>(722,411)</u>
	<u>(1,894,267)</u>	<u>712,536</u>	<u>(1,181,731)</u>
Total	<u>(920,111)</u>	<u>1,116,229</u>	<u>196,118</u>